

a

UtahAmerican Energy, Inc.



Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84501
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002

C/007/013 Incoming

February 8, 2012

4008

R

Daron Haddock
Permit Supervisor
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RECEIVED

FEB 13 2012

DIV. OF OIL, GAS & MINING

Re: UtahAmerican Energy, Inc. Lila Canyon Mine, ACT/009-013, Phase III Bond Release Application Ditch #31 (12-004)

Dear Mr. Haddock:

As you are aware on November 30, 2009 UEI received Phase III bond release on all areas of Horse Canyon Part "A" except for a small ditch near the coal refuse pile (Ditch #31). The bond was not released on ditch #31 because of some repair work that was completed during the Phase III release time period.

It was determined by DOGM to observe Ditch #31 for two years to determine if the repairs were adequate for release. It has been over two years and the repairs appear adequate. No additional repair work has been done to Ditch #31 and it has remained stable.

By means of this letter and submittal, UEI is requesting Phase III bond release on Ditch #31.

Once Phase III is obtained on Ditch #31, then all surface areas of Horse Canyon Part "A" will have Phase III release. Lila Canyon liabilities will continue under Part "B".

C1 and C2 forms are included.

If you have any questions please give me a call.

Sincerely,

R. Jay Marshall

R. Jay Marshall P.E.
Project Manager / Chief Engineer
Lila Canyon Mine

RECEIVED

FEB 13 2012

DIV. OF OIL, GAS & MINING

APPLICATION FOR PERMIT PROCESSING

Permit Change <input type="checkbox"/>	New Permit <input type="checkbox"/>	Renewal <input type="checkbox"/>	Transfer <input type="checkbox"/>	Exploration <input type="checkbox"/>	Bond Release <input type="checkbox"/>	Permit Number: ACT/007/013
Title of Proposal: Phase III Bond Release Application for Ditch #31 (12-004)						Mine: Horse Canyon
						Permittee: UtahAmerican Energy, Inc.

Description, include reason for application and timing required to implement:

Instructions: If you answer yes to any of the first 8 questions (gray), submit the application to the Salt Lake Office. Otherwise, you may submit it to your reclamation

<input type="checkbox"/> Yes	<input type="checkbox"/> No	1. Change in the size of the Permit Area? _____ acres Disturbed Area? _____ acres <input type="checkbox"/> increase <input type="checkbox"/> decrease.
<input type="checkbox"/> Yes	<input type="checkbox"/> No	2. Is the application submitted as a result of a Division Order? DO # _____
<input type="checkbox"/> Yes	<input type="checkbox"/> No	3. Does application include operations outside a previously identified Cumulative Hydrologic Impact Area?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	4. Does application include operations in hydrologic basins other than as currently approved?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	5. Does application result from cancellation, reduction or increase of insurance or reclamation bond?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	6. Does the application require or include public notice/publication?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	7. Does the application require or include ownership, control, right-of-entry, or compliance information?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	8. Is proposed activity within 100 feet of a public road or cemetery or 300 feet of an occupied dwelling?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	9. Is the application submitted as a result of a Violation? NOV # _____
<input type="checkbox"/> Yes	<input type="checkbox"/> No	10. Is the application submitted as a result of other laws or regulations or policies? Explain: Permit Renewal
<input type="checkbox"/> Yes	<input type="checkbox"/> No	11. Does the application affect the surface landowner or change the post mining land use?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	12. Does the application require or include underground design or mine sequence and timing? (Modification of R2P2?)
<input type="checkbox"/> Yes	<input type="checkbox"/> No	13. Does the application require or include collection and reporting of any baseline information?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	14. Could the application have any effect on wildlife or vegetation outside the current disturbed area?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	15. Does application require or include soil removal, storage or placement?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	16. Does the application require or include vegetation monitoring, removal or revegetation activities?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	17. Does the application require or include construction, modification, or removal of surface facilities?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	18. Does the application require or include water monitoring, sediment or drainage control measures?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	19. Does the application require or include certified designs, maps, or calculations?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	20. Does the application require or include subsidence control or monitoring?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	21. Have reclamation costs for bonding been provided for?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	22. Does application involve a perennial stream, a stream buffer zone or discharges to a stream?
<input type="checkbox"/> Yes	<input type="checkbox"/> No	23. Does the application affect permits issued by other agencies or permits issued to other entities?

X Attach 6 complete copies of the application.

I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments, undertakings and obligations, herein.

Signed: R. J. Marshall 2/8/12
 Signed - Name - Position - Date

Subscribed and sworn to before me this 8th day of February 2012

My Commission Expires: 03-27-13
 Attest: Linda Kerns
 Notary Public
 STATE OF Utah
 COUNTY OF Carbon



Received by Oil, Gas & Mining

RECEIVED

FEB 13 2012

DIV. OF OIL, GAS & MINING

ASSIGNED TRACKING NUMBER

Phase III Bond Release Application for Ditch #31 (12-004)

Mine: Horse Canyon

Permittee: UtahAmerican Energy, Inc.

[illegible]

RECEIVED
FEB 13 2012
DIV. OF OIL, GAS & MINING

Table of Contents
Phase III Bond Release Application
Horse Canyon Mine

Phase III Bond Release Application, Horse Canyon Mine 1

List of Appendices

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donation)
III-1-2 Letters to Surface and Subsurface Owners
III-1-3 Public Notice
III-1-4 Plates III-2A through III-2G
III-1-5 Horse Canyon Vegetation Survey 2003
III-1-6 Horse Canyon Vegetation Survey 2004
III-1-7 Phase III on Ditch #31

Appendix III 1-7
Phase III Bond Release Application
Horse Canyon Mine
Ditch #31 (0.49 Acres)

The purpose of this application is to request Phase III Bond Release for the 0.49 acres of Ditch #31. On November 30, 2009 Phase III Bond Release was approved for all of the Horse Canyon Mine Part "A" except for the 0.49 acre Refuse Pile Channel. Bond was held in the amount of \$8,000 for any future channel (Ditch 31) repairs. Water monitoring was to continue until the liability period for Ditch 31 was complete. That liability period was set at two years.

Application Format

This application is formatted following Technical Directive Tech - 006, Requirements for Phased Bond Release, March 23, 2001. The format is such so that the submittal can be added as a new Appendix III-1-7 to the existing approved Phase III Application.

This application will present the appropriate Technical Directive section headings is bolded followed by responses as follows:

5. Procedure
Prior to Bond Release Request

The reclamation plan and modifications to the reclamation plan including changes in the post mining land use and those changes that result during reclamations, have been approved by the Division and incorporated into the mining plan (MRP). All permit revisions have been approved by the Division and incorporated into the MRP.

No Post Mine Land Use Changes were required for this submittal.

1. Certify Reclamation

No additional reclamation was required for this submittal. The refuse pile drainage (ditch 31) was to be observed for an additional two years to confirm stability. The location of ditch 31 is shown on the attached Plate III-2A. (Attachment "A")

Form C1 included with this application contains a notarized certification.

**2. Provide agreements for structures remaining for post mine land use.
Phase III Bond Release Area:**

Not Applicable.

3. Address performance standards.

There has been no signs of instability in ditch 31 for the last two years. No additional ditch 31 repairs were required for the duration of the liability period.

REQUEST FOR BOND RELEASE

I. A. Notarized signature

This application has been formatted as new Appendix III-7 to Appendix III-1, Chapter III, Volume I of the MRP, and includes form C1 which includes a certification with notarization.

I. B. Notification letters

Attachment "B" includes copies of notification letters sent to the appropriate individuals and entities.

I. C. NEWSPAPER ADVERTISEMENT

Attachment "C" includes a copy of the public notice required by R645-301-880-120. Proof of publication will be submitted following posting and receipt of signed affidavit of publication

I. D. PERMIT CONDITIONS

There are no outstanding permit conditions.

II. A. 1. Legal description of the permit area.

The permit area is shown on the Lila Point, and Cedar U.S. Geological Survey 7.5-minute Quadrangle maps. The areas covered in this Phase III Bond release application include

Ditch 31 containing 0.49 Acres.

The complete permit legal description can be found in Chapter I, Volume 1 of the MRP. The legal description of Ditch 31 is as follows:

Township 16 South, Range 14 East, Salt Lake Base & Meridian, 0.49 acres contained within, Section 9, NW4NW4,

II.A.2. Maps

Ditch 31 is the only remaining area of Horse Canyon Part "A" where Phase III bond Release has not been obtained and is included in this Phase III Bond Release application. This area can be seen on Plate III-2A.

II.A.3. Vegetation Sampling

Additional Vegetation Sampling is not required for Ditch 31 Phase III Bond Release.

II.A.4. Reclamation treatments, areas and work accomplished

The following MRP Chapters address the information required:

Reclamation areas and plan	Chapter 3, Volume I
Postmining Topography	Chapter 3, Volume I
Drainage Control	Chapter 3, Volume I
Vegetation	Chapter VIII, Volume IV
Land Use	Chapter X, Volume IV

*** The Post Mine Land Use Change including the CEU donation area is included in Appendix X-4.

II.A.5. Mining history and reclamation activities

The Horse Canyon Mine was initially opened by the Defense Plant Corporation in 1942 as a source for coal for the Geneva Steel Works in Orem, Utah. The mine was sold to U.S. Steel in 1946, who operated it until January 1984, when mining was permanently suspended. U.S. Steel submitted a mining and reclamation permit application in March, 1981. In October 1982, U.S. Steel informed the Division that it was temporarily suspending mining operations, and in January 1984 permanent suspension was announced.

In November 1984, Kaiser Steel Corporation purchased the mine property and submitted a reclamation bond in the amount of \$918,649, and indicated to the Division that it would maintain the operations in a temporary suspension status until further corporate decisions were made. In February 1987, Kaiser Coal, successor to Kaiser Steel filed a petition for bankruptcy under Chapter 11, Title 11, of the U.S. Bankruptcy Code. Intermountain Power Agency (IPS) acquired the mine and the permit was transferred to IPA in August 1990. IPA was issued a mining and reclamation plan on May 6, 1991, and a reclamation bond in the amount of \$1,950,000 was issued in the form of a letter of credit.

Reclamation work proceeded on 51.56 acres of the 74.26 acres in 1990 and 1991. Phase I bond release was granted on February 5, 1997 for \$812,276. Phase II bond release application was submitted on December 19, 1997.

UtahAmerican Energy, Inc. acquired the mine from IPA on December 21, 1998. Phase II bond release was granted on April 11, 2002.

Phase III bond release was granted on November 30, 2009 for all areas but 0.49 acres involved with Ditch 31.

II.A.6. Extended Responsibility

There is no extended responsibility period for the Horse Canyon Mine.

II.A.7. Remaining sediment control structures

There are no remaining sediment control structures that need to be removed.

II.A.8. Schedule and cost estimate for remaining reclamation

There are no areas remaining for reclamation.

II.A.9. Summary of bond acreages, dates of bond releases

Date	Status	Amount	Acreages
11 Nov 84	Initial Kaiser Bond	\$ 918,649	74.26 Disturbed
6 May 91	IPA Bond	\$ 1,950,000	74.26 Disturbed
5 Feb 97	Phase I Bond Release (IPA)	\$ 812,726	74.26 - 51.56 = 22.7 Balance

15 Sept 98	Intital Horse Canyon Bond (UAE)	\$ 1,137,726	22.7 Disturbed Remaining
24 Jan 01	Adjustment at permit renewal by \$115,274	\$ 1,253,000	22.7 Disturbed Remaining
11 Apr 02	Phase II Bond Released \$191,672	\$ 1,061,328	22.7 Disturbed Remaining
25 Feb 04	Post Mine Land Use Change Approved including 16.18 acres	No Change	22.7 -16.18 = 6.52 Remaining ^A
30 Nov 09	Phase III Bond Release Application	\$ 1,061,328	0.49 Acres Remaining
15 Feb 12	Phase III Bond Release Application	\$8,000	All Acres Reclaimed

^A Refer to Section II.A.1 on page 3 of Appendix II-1 for an explanation of the 6.5 acres.

Attachment “A”

Plate III-2A

Attachment "B"

Letters to Surface and Subsurface Owners

UtahAmerican Energy, Inc.



**Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84520
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002**

February 15, 2012

Mr. Steve Rigby,
Bureau of Land Management
Moab District
125 South 600 West
Price, Utah 84501

Re: Phase III Bond Release, Ditch 31, Horse Canyon Mine Part "A", DOGM Permit C\007\013

Dear Mr. Rigby,

In accordance with the requirements of R645-301-880.120, UtahAmerican Energy, Inc. (UAE) is notifying the surface land owners and local government body within and adjacent to the Horse Canyon Mine of intention to seek Phase III bond release on 0.49 acres remaining in the Horse Canyon Permit (MRP) Part "A". Phase III bond release on the remaining areas of Horse Canyon was obtained on November 30, 2009.

Comments from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies should be mailed to: Utah Division of Oil, Gas and Mining, Attention: Daron Haddock, Permit Supervisor, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

If you have any questions or need additional information, please do not hesitate to contact me at (435) 888-4007, or Daron Haddock at (801) 538-5325.

Sincerely,

R. Jay Marshall P.E.
Project Manager
Lila Canyon Mine
Enclosure

UtahAmerican Energy, Inc.



**Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84520
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002**

February 15, 2012

Mr. John Blake,
SITLA
675 East 500 South, Suite 500
Salt Lake City, Utah 84102

**Re: Phase III Bond Release, Ditch 31, Horse Canyon Mine Part "A", DOGM Permit
C\007\013**

Dear Mr. Blake,

In accordance with the requirements of R645-301-880.120, UtahAmerican Energy, Inc. (UAE) is notifying the surface land owners and local government body within and adjacent to the Horse Canyon Mine of intention to seek Phase III bond release on 0.49 acres remaining in the Horse Canyon Permit (MRP) Part "A". Phase III bond release on the remaining areas of Horse Canyon was obtained on November 30, 2009.

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Sincerely,

R. Jay Marshall P.E.
Project Manager
Lila Canyon Mine
Enclosure

UtahAmerican Energy, Inc.



**Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84520
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002**

February 15, 2012

Mr. Jeff Horrocks,
Emery County Commission
95 East Main Street
Castle Dale, Utah 84112

Re: Phase III Bond Release, Ditch 31, Horse Canyon Mine Part "A", DOGM Permit C\007\013

Dear Commissioner Horrocks,

In accordance with the requirements of R645-301-880.120, UtahAmerican Energy, Inc. (UAE) is notifying the surface land owners and local government body within and adjacent to the Horse Canyon Mine of intention to seek Phase III bond release on 0.49 acres remaining in the Horse Canyon Permit (MRP) Part "A". Phase III bond release on the remaining areas of Horse Canyon was obtained on November 30, 2009.

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Sincerely,

R. Jay Marshall P.E.
Project Manager
Lila Canyon Mine
Enclosure

UtahAmerican Energy, Inc.



**Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84520
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002**

February 15, 2012

Mr. Bill Krompel,
Carbon County Commission
120 East Main St.
Price, Utah 84501

**Re: Phase III Bond Release, Ditch 31, Horse Canyon Mine Part "A", DOGM Permit
C\007\013**

Dear Commissioner Krompel,

In accordance with the requirements of R645-301-880.120, UtahAmerican Energy, Inc. (UAE) is notifying the surface land owners and local government body within and adjacent to the Horse Canyon Mine of intention to seek Phase III bond release on 0.49 acres remaining in the Horse Canyon Permit (MRP) Part "A". Phase III bond release on the remaining areas of Horse Canyon was obtained on November 30, 2009.

Comments from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies should be mailed to: Utah Division of Oil, Gas and Mining, Attention: Daron Haddock, Permit Supervisor, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

If you have any questions or need additional information, please do not hesitate to contact me at (435) 888-4007, or Daron Haddock at (801) 538-5325.

Sincerely,

R. Jay Marshall P.E.
Project Manager
Lila Canyon Mine
Enclosure

UtahAmerican Energy, Inc.



**Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84520
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002**

February 15, 2012

Mr. Doug Parsons,
Mayor
Sunnyside City
595 Edge Hill Drive
Sunnyside, Utah 84539

Re: Phase III Bond Release, Ditch 31, Horse Canyon Mine Part "A", DOGM Permit C\007\013

Dear Mayor Parsons,

In accordance with the requirements of R645-301-880.120, UtahAmerican Energy, Inc. (UAE) is notifying the surface land owners and local government body within and adjacent to the Horse Canyon Mine of intention to seek Phase III bond release on 0.49 acres remaining in the Horse Canyon Permit (MRP) Part "A". Phase III bond release on the remaining areas of Horse Canyon was obtained on November 30, 2009.

Comments from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies should be mailed to: Utah Division of Oil, Gas and Mining, Attention: Daron Haddock, Permit Supervisor, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

If you have any questions or need additional information, please do not hesitate to contact me at (435) 888-4007, or Daron Haddock at (801) 538-5325.

Sincerely,

R. Jay Marshall P.E.
Project Manager
Lila Canyon Mine
Enclosure

UtahAmerican Energy, Inc.



**Lila Canyon Project
P. O. Box 910
East Carbon, Utah 84520
Phone: (435) 888-4000
(435) 650-3157
Fax: (435) 888-4002**

February 15, 2012

Mr. Orlando Lafontaine
Mayor
East Carbon City
105 W. Geneva Dr.
East Carbon, Utah

Re: Phase III Bond Release, Ditch 31, Horse Canyon Mine Part "A", DOGM Permit C\007\013

Dear Mayor Lafontaine,

In accordance with the requirements of R645-301-880.120, UtahAmerican Energy, Inc. (UAE) is notifying the surface land owners and local government body within and adjacent to the Horse Canyon Mine of intention to seek Phase III bond release on 0.49 acres remaining in the Horse Canyon Permit (MRP) Part "A". Phase III bond release on the remaining areas of Horse Canyon was obtained on November 30, 2009.

Comments from the legal or equitable owner of record of the surface areas to be affected and from the Federal, Utah and local government agencies should be mailed to: Utah Division of Oil, Gas and Mining, Attention: Daron Haddock, Permit Supervisor, 1594 West North Temple, Suite 1210, P.O. Box 145801, Salt Lake City, Utah 84114-5801.

If you have any questions or need additional information, please do not hesitate to contact me at (435) 888-4007, or Daron Haddock at (801) 538-5325.

Sincerely,

R. Jay Marshall P.E.
Project Manager
Lila Canyon Mine
Enclosure

Attachment "C"

Public Notice

Public Notice

Application for Phase III Bond Release

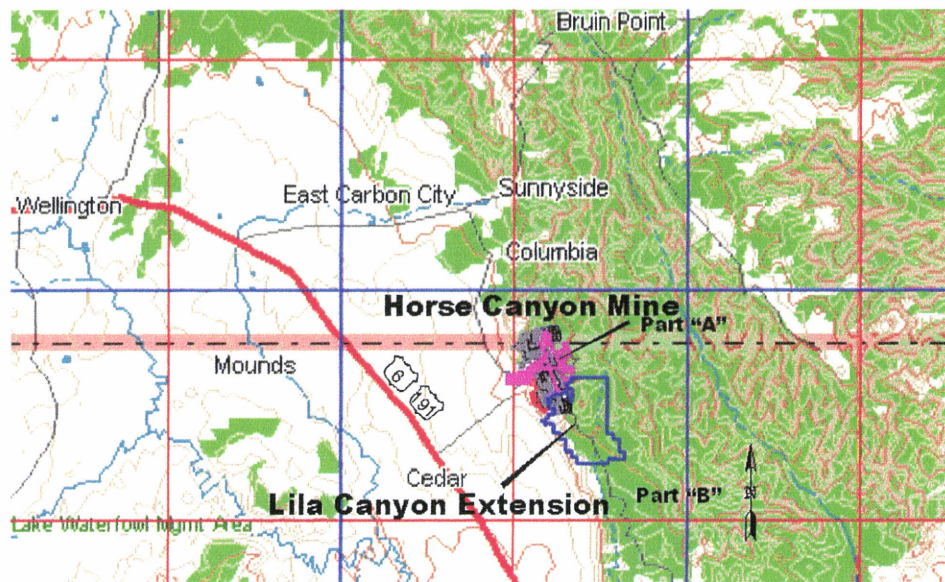
**Horse Canyon Mine
UtahAmerican Energy, Inc.
Permit C/007/013, Renewed 4/19/2011
Emery County, Utah**

Notice is hereby given that UtahAmerican Energy, Inc., 153 Highway 7 South, Powhatan Point, Ohio 43942, with R. Jay Marshall as Resident Agent, P.O. Box 910, East Carbon, Utah 84520, has filed an application with the Utah Department of Natural Resources, Division of Oil, Gas and Mining for a Phase III bond release on disturbed lands currently in Permit C/007/013 Part "A" pursuant to R645-301-880 and R645-301-400 of the Utah Coal Program Regulations. The permit area is shown on the Cedar and Lila Point U.S. Geological Survey 7.5-minute Quadrangle maps. The permit area affected is located in Emery County and Carbon County, Utah as follows:

Township 16 South, Range 14 East, Salt Lake Base & Meridian

Section 9

NW4NW4,



The Phase III bond release application is for Surety #ISM-2667 for \$8,000 for drainage ditch #31 and covers a total of .49 acres. With the Phase III bond release of the .49 acres, all bonds within Part "A" of the Horse Canyon Permit will have been released. All areas within the Horse Canyon Permit Part "A" meet the requirements of the regulations for post mine land use of Wildlife Habitat, or Residential/Recreational, including stabilization of lands, restoration of drainages, and vegetation establishment

Reclamation of 51.56 acres was completed in 1991 and were included in Phase I and Phase II bond release. In 2009 Phase III bond release was obtained on 91.97 acres leaving only the .49 acres now applied for.

Written comments, objections and requests for an informal conference on this proposal may be addressed to:

Utah Coal Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

Closing date for submission of such comments, objections and requests for an informal conference on this proposal must be submitted by _____.

Published in the Sun Advocate - _____, and the Emery County Progress - _____.